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**FISCAL IMPACT STATEMENT**

**LS 6546**

**BILL NUMBER:** SB 142

**NOTE PREPARED:** Jan 24, 2012

**BILL AMENDED:** Jan 24, 2012

**SUBJECT:** Property Tax Issues.

**FIRST AUTHOR:** Sen. Kenley

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Income Capitalization*: This bill provides that if a taxpayer wishes to have the income capitalization method or the gross rent multiplier method used in the initial assessment of the taxpayer's property, the taxpayer must submit the necessary information to the assessor not later than the March 1 assessment date. It specifies that the taxpayer is not prejudiced or restricted in filing an appeal, if the data is not submitted by March 1.

*Appeal Filing Fee*: The bill provides that a taxpayer filing a notice requesting a county property tax assessment board of appeals (PTABOA) to review an assessment or deduction must pay to the county treasurer a filing fee of \$50. It specifies that only one filing fee must be paid for a review if the appeal involves contiguous parcels. The bill also specifies that a taxpayer is not required to pay the filing fee if the review concerns the taxpayer's homestead and the taxpayer will represent himself or herself before the PTABOA. The bill provides that the filing fee shall be refunded to the taxpayer if: (1) the taxpayer and the assessing official resolve the issues in the review; (2) the PTABOA gives notice of its determination; or (3) the maximum time elapses for the PTABOA to hold a hearing or to give notice of its determination and the taxpayer initiates a proceeding for review before the Indiana Board of Tax Review (IBTR).

*Power of Attorney*: This bill specifies that a power of attorney expires 45 days after receiving a final determination, refund, or credit in a proceeding or review, including any subsequent appeal from the final determination in the proceeding or review, or three years, whichever is earlier.

*Interest on Refunds*: The bill specifies that in the case of an assessment that is decreased by the IBTR or the Indiana Tax Court, the taxpayer is not entitled to interest on the excess taxes paid by the taxpayer unless the

taxpayer affirms, under penalty of perjury, that substantive evidence had been presented to the assessor or introduced by the taxpayer at a hearing before the PTABOA. This bill also provides that an appraisal may not be required by the PTABOA or the assessor in a proceeding before the PTABOA or in the preliminary informal meeting process involving the taxpayer and the assessor.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Appeal Filing Fee:* Under current law, property taxpayers obtain a PTABOA review of a local assessor's action regarding real or personal property assessments and certain property tax deductions by filing a notice with the local assessor.

Beginning July 1, 2012, under this proposal, the taxpayer would be required to pay a \$50 fee to the county treasurer when filing an appeal. Only one fee would be paid for a review if the appeal involves contiguous parcels. The fee would not be required if (1) the appeal involves homestead property and (2) the taxpayer will represent himself or herself before the PTABOA. Additionally, the treasurer would refund a fee that is paid if:

- (1) The parties agree on a resolution;
- (2) The PTABOA makes a determination; or
- (3) The PTABOA fails to either hold a timely hearing or issue a timely determination, and the taxpayer appeals to the IBTR.

This provision could lead to a small increase in county revenue for appeals that are filed but later dropped by the taxpayer before resolution. This provision could also result in a reduction of the number of appeals that are filed.

**State Agencies Affected:** Department of Local Government Finance; Indiana Board of Tax Review; Indiana Tax Court.

**Local Agencies Affected:** Local assessors; County property tax assessment boards of appeal; County treasurers.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.